GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4294
ANSWERED ON:11.08.2017
GST on Small Scale Industries
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Will the Minister of FINANCE be pleased to state:

(a) whether the Goods and Services Tax (GST) rate is favouring big industries only and affecting certain sectors and goods adversely especially the Small Scale Industries (SSI)/Entrepreneurs and if so, the details thereof;

(b) whether the SSI as a whole will be adversely affected because they are to pay a full tax for units above Rs. 75 lakh turnover whereas they were earlier exempted for all units below Rs. 1.5 crore and if so, the details thereof;

(c) whether the Government and the GST Council has any plan to relook into these issues and remove the anomalies; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a): The Commerce and Industry sector in general [including big industry as well as small and medium enterprises] is likely to benefit from the GST on account of lower tax rates for most commodities compared to the earlier tax regime, uniform tax rates across the country, eliminating of cascading of taxes and seamless availability of input tax credit. These features would benefit Commerce and Industry through reduction in cost and improvement in competitiveness.

(b) & (c): A composition scheme has been provided for the benefit of Small business. An eligible registered person in the State or Union territory, other than Special Category States [other than Uttarakhand], can avail benefit of this scheme [except those manufacturing ice-cream, pan masala and tobacco products] by paying an amount equal to 2% of turnover in the State in case of manufacturers and 1% equal to the turnover in the State in the case of trader /dealers. The turnover limit for availing of composition levy initially was Rs. 50 lakhs in the preceding financial years. However, keeping in the view the interest of small businesses, the same was increased to 75 lakhs [except in case of Special Category States]. The raised limit in case of Uttarakhand, however, is Rs. 75 lakhs. Further, exemption from GST results in cascading of input taxes, thereby rendering domestic manufacturing of such goods uncompetitive vis- a-vis imported goods, as imported goods are denuded of all input taxes also.

(d): Does not arise in view of (b) & (c) above.
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